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ZACD GROUP LTD.

杰地集團有限公司*

(a company incorporated in the Republic of Singapore with limited liability)

(Stock Code: 8313)

**INSIDE INFORMATION
BUSINESS UPDATE
ESTABLISHMENT OF NEW FUND
FOR AUSTRALIA HOTEL PORTFOLIO**

This announcement is made by ZACD Group Ltd. (the “**Company**”, together with its subsidiaries, collectively, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the voluntary announcement of the Company dated 20 September 2019 in relation to the establishment of a new fund, ZACD Australia Hospitality Fund pursuant to the Transaction with respect to the Australia Hotel Portfolio (the “**Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

Pursuant to the initial acquisition document entered into in July 2019 by a joint-venture special purpose vehicle (the “**JV-SPV**”) incorporated jointly by the Company and iProsperity Group on an equal (50%-50%) basis as the purchaser representative and the vendor (the “**Vendor**”) of the Australia Hotel Portfolio (the “**Initial Acquisition Document**”), an aggregate sum of AU\$10.25 million being the deposit was fully procured by the JV-SPV to-date in accordance with the terms and conditions thereof, which was paid by our ZACD Australia Hospitality Fund and iProsperity Group equally.

The original target completion date of the Transaction was in and around March 2020 after the completion conditions of the Transaction in the Initial Acquisition Document were substantially fulfilled. Due to the COVID-19 pandemic and the deteriorated market condition at the time and the withdrawal of a key investor for the iProsperity Group, the JV-SPV nonetheless further negotiated with the Vendor and subsequently entered into a supplemental acquisition document in June 2020

which is supplemental to the Initial Acquisition Document entered into by the parties thereto (the “**Supplemental Acquisition Document**”, together with the Initial Acquisition Document, collectively, the “**Acquisition Documents**”) whereupon (i) the Australia Hotel Portfolio has been negotiated and changed to exclude the 6 leasehold hotel properties; (ii) the purchase price of AU\$212.6 million for the 17 hotel properties has been negotiated down to a lower price; and (iii) the completion of the Transaction has been rescheduled to an extended completion date, and which requires, among other things, an additional deposit amounting to AU\$8 million to be paid/procured to be paid by the JV-SPV by 24 June 2020, which was later further extended to 21 July 2020 (the “**Additional Deposit**”).

It is presently in the public domain that a substantial number of companies under iProsperity Group were recently placed under voluntary administration in Australia. It is to the Group’s knowledge that by 21 July 2020 iProsperity Group had failed to make the Additional Deposit for the Transaction on behalf of the JV-SPV to the Vendor in accordance with the Supplemental Acquisition Document due to the severe financial difficulties iProsperity Group is currently faced with. iProsperity Group’s failure of payment of the Additional Deposit in accordance with the terms and conditions of the Acquisition Documents which pursuant thereto may constitute a default by the JV-SPV. In view of the circumstances, the Directors are of the view that iProsperity Group will not be able to proceed with the Transaction and are currently assessing the potential impact on the Group financially and operationally. Should there be any new developments on the Transaction, the Group will make further update announcements as required.

The Directors understand that the COVID-19 pandemic imposed negative impact on the hospitality industry around the World. The Group will consider strategic approach to manage the fund in response to such macroeconomic changes. Further, the Group, is in continuing communications with the Vendor on the possibility of continuing with the Transaction without iProsperity Group’s involvement or any other viable courses of action, and is meanwhile in discussions with potential investment partners to replace iProsperity Group.

The board of directors of the Company (the “**Board**”) have been informed and wish to inform that all necessary legal actions are being considered and may be taken in respect of the matters outlined above while at the same time declaring that the Company reserves all its rights against iProsperity Group in general or anyone connected therewith in particular.

As at the date of this announcement, the fund size of our ZACD Australia Hospitality Fund is approximately AU\$45 million, of which approximately AU\$14 million was extended by the Group from its Bridging Reserve Fund as defined in the prospectus of the Company dated 28 December 2017 (the “**Prospectus**”). As disclosed in the Prospectus, our investment management services are subject to various business risks, including but not limited to the investment performance of our real estate projects may be unsatisfactory and may fail to achieve their investment target return, and we may not be able to replenish our Bridging Reserve Fund in the event we are unable to secure sufficient investors’ funds for the projects. In this respect, the Company will monitor closely the progress of the Transaction, and the Company will make further announcement as and when appropriate pursuant to the requirements under the GEM Listing Rules.

By Order of the Board
ZACD Group Ltd.
Sim Kain Kain
Chairman and Executive Director

Hong Kong, 23 July 2020

As at the date of this announcement, the Board of the Company comprises five (5) executive Directors, namely, Mr. Yeo Choon Guan (Yao Junyuan), Ms. Sim Kain Kain, Mr. Wee Hian Eng Cyrus, Mr. Siew Chen Yei and Mr. Darren Chew Yong Siang; three (3) independent non-executive Directors, namely, Mr. Kong Chi Mo, Dato' Dr. Sim Mong Keang and Mr. Lim Boon Yew; and one (1) non-executive Director, namely Mr. Chew Hong Ngiap, Ken.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will be published on the GEM website at www.hkgem.com and remain on the "Latest Company Announcements" page for at least seven days from the date of its posting. This announcement will also be published on the Company's website at www.zacdgroup.com.

In the event of any inconsistency between the Chinese version and the English version of this announcement, the latter shall prevail.

** for identification purposes only*